MR. CHAIRMAN: All people who made speaches without the permission of the Chair, will not form part of the record.

SHRI NIRMAL CHATTERJEE: I will make no reference to the Chartered Accountants as such, because despite the existence of the kawsm, we all know that so many violations of laws take place.

As answer to Question No. 301, certain figures have been given. The figues are very interesting., Duty was Of Rs. 75.28 lakhs and the penalty of Rs. 18.03 lakhs i.e. about 23 per cent. Now, very recently the Finance Minister is talking about following the laws and the rules of our country, but he simultaneously has declared an amnesty scheme for foreign resources. My question is, Sir,...

MR. CHAIRMAN: Mr. Chatterjee, wait for the next question and after Mr. Gurupadaswamy has put it you can put this question.

SHRI NIRMAL CHATTERJEE: O.K.

SHRI VISHWANATH PRATAP SINGH: Sir, Question No. 301 is on rubber. So, he is extending the question like rubber to Question No. 301.

SHRI NIRMAL CHATTERJEE: My question was in the case of investigation into non-resident funds, we do not find.. .

MR. CHAIRMAN: Mr. Chatterjee, it is quite relevant under the next question. Next question.

Action against persons for violation of FERA provisions

*313. SHRI M. S. GURUPADA-SWAMY: Will the Minister of FINANCE be pleased to state:

(a) what is the number of persons whose cases are pending before Government for vidating the provisions of Foreign Exchange Regulations Act involving an amount of more than Rs, 1 crore;

(b) what action Government have taken or propose to take against these persons;

(c) what is the amount of foreign exchange collected as a result of Government action; and

(d) whether Government have decided not to launch prosecution against any person violating FERA provisions; if so, what are the reasons therefor?

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH); (a) to (d) A statement is laid on the Table of the House.

Statement

(a) and (b) 31 cases involving an amount of Rs. 1 crore or more each for violation of the provisions of the F.E.R. Act are pending before the Directorate of Enforcement. Adjudication proceedings are being held against them. In certain cases, where the facts of the case so warrant, prosecution will be launched.

(c) During the year 1986 (upto September) an amount of Rs. 80 lakhs has been repatriated to India as a result of adjudication proceedings under the F.E.R. Act.

(d) The Government has decided not to launch prosecution against M/s. Brooke Bond India Ltd. and Thapar Group of Industries as they have tendered unconditional apology. How ever, adjudication proceedings against them have taken will take place in the normal manner. . -

SHRI M. S. GURUPADASWAMY: I am aware that the Finance Minister is desparate in finding resources, particulartly the foreign exchange resources, for his plans. I sympathise with him, but I would like to know since he introduced amnesty scheme, what specific steps he has taken to

find out the names of those people— individuals, firms and companies— who have deposited their moneys in Swiss banks and other banks, may be in USA, may be in UK and may be in other places I find in this statement only about 31 cases involving an amount of Rupees one crore and more. So far, during the year 1986 an amount of Rs. 80 lakhs has been repatriated to India as a result of adjudication. This is a very very paultry amount. As you know the figure was given a few weeks back. The International Monetary Fund has given a figure like Rs. 1,300 deposited in the Swiss Banks alone by various people. So, I would like to know what are the specific steps he has taken to unearth these names and whether he has categorised them. For his information, I would like to tell him that there are probably three categories of people—business men, politicians and administrators i.e. officials. I am told, officials and business men come at the top, followed by politicians. So, if he has got any information, he should take the House into confidence about it. Is he aware of any of these people and what is the estimate, according to him, of the moneys deposited in these banks?

SHRI VISHWANATH PRATAP SINGH.- sir, as far as resources are concerned, every Finance Minister is always pressed for resources. But may I state that so far as resources for the Seventh Five Year Plan are concerned, I assure the House that we will fulfil the Seventh Plan in real terms on 1984-85 prices. Now, in the first two years we have been able to do 40 per cent of the outlay of the Plan, and it has been a record. So there is no doubt so far as the funding of the Seventh Plan is concerned.

Regarding the names in the Swiss banks, of the parties or firms, Sir, an impression has been created after j this report from the casual paper of the IMF as if the IMF has found out some secret accounts of Indian people, and having access to the secret information has come up with the report as a revelation it is not correct. It is the published data of Swiss banks themselves which the IMF has brought out. It has not done anything of an investigative nature. From the published data it has drawn up its analysis. In published data it has also given the country-wise deposits. Many Indian parties have their deposits. It is not all black money deposit that goes into that account. But apart from that, there is also the legal money that is there. Of course, we do not have estimates of how much is there, because if it were in our knowledge, perhaps it would not be there. So it is a dilemma in itself.

About the various steps that Government has taken, we have set up an Economic Intelligence Bureau where it is like a crack elitist force. Various actions have been taken during the last year and this year, and I do not have to enumerate; I do not have the total list of it. But may I assure that the drive and thrust that we started since Prime Minister Rajiv Gandhi came and he gave a clarion call to launch a drive against black-marketers and evaders, that we have started and relentlessly we will continue. This Government has not to give data; it is something which is acknowledged by the people themselves. We are strengthening our various intelligence posts abroad also. On Customs side we have strengthened the machinery and the contraband that has. been seized is virtually double of what it was in the previous year. In one year we could double it. Gold also we are seizing on daily basis. All these efforts are going on, and it will continue.

So far as the various categories— businessmen, poltician and officials are concerned, we do not have any

categorisation. We have only one categorisation: the law breaker; and in that category whoever comes, action is taken by us.

SHRI M. S. GURUPADASWAMY: Sir, this amnesty—this is my concern —may help him in bringing the firms and companies which have made illegal investments abroad, violating the FERA. But it will not bring in individuals who have deposited their money in Swiss Banks and the amnesty scheme will apply to the first category more than the second category. So, how will he be able to get those individuals who have deposited their money in foreign banks? What is the way out? Is he going to extend the amnesty scheme further? That is the talk of the town. This is the first period given and will the second period come later? Is he going to extend it from time to time?

SHRI VISHWANATH PRATAP SINGH; The best guarantee of the money coming back is the political and economic situation of the country and the economic regime that you have and the investment environment and the security that you have I think there cannot be a better guarantee, for bringing back money. Today everyday wants to invest in India. It is a proof of its economic and political stability and the regime that we are running here. I think that is the best guarantee for bringing back money.

Then comes the enforcement side where the laws are broken and then you take action. Certainly, there is a difficulty in the case of those who deposit money in Swiss Banks because the law of the country is not very conducive to any investigative effort. So, there is a real problem and we should admit it.

So far as implementation is concerned, we have to plug the loop-holes. We have to check under-invoicing, over-invoicing, various payments for technical know-how for payments for various other things. The whole list is there. We have to stop it.

We are seeing that sometimes the money for certain expenditure abroad is not normally available. We are making FERA reasonable so that the normal expenditure and other needs can be met. At the same time, we are going to plug the loopholes and make the law tougher in cases where the money is siphoned off and the country is bled of its wealth.

SHRI NIRMAL CHATTERJEE: Sir, you are so kind. I will take a few minutes more.

MR. CHAIRMAN; No. No.

SHRI NIRMAL CHATTERJEE: The Planning Commission did give a warning about repayment needs from 1987. I think, after a few years, for the first time our foreign exchange holding is coming down. So, the situation does seem to be a desperate one approximately. Therefore, these amnesty schemes come. That I understand, though I do not support. As I was mentioning earlier, the amnesty scheme mentions three things. The Finance Minister says that the duty has to be paid, but there will be no penalties and no imprisonment. I am afraid that the penalty would be as much as the duty to be paid and, therefore, so much is lost to the Government. On that part, I want to ask as to what is his estimate about the loss of revenue in terms of penalties foregone. On Swiss Banks, *I* have a specific question. It is rightly pointed out that they keep country-wise statistics which means that any deposit from this country will be considered as Indian deposit. But it is for us to find out which is the illegal deposit by substractine the legal deposits to that bank. Will the Finance Minister make an exercise on that in order to find out to what extent the illegal deposits are there?

MR. CHAIRMAN: I think you wst not deprive other Members

ther are a large number of supple-mentaries.

SHRI NIRMAL CHATTERJEE: Thirdly, Sir, I want to supplement Mr. Grupadaswamy. The broad heading is, of course the law breakers. Maybe they include members in the Council of Ministers. But there may be some sub-headings. He mentioned the figures under the broad head. Jnder the sub-headings, what are the figures? If you have, kindly supply them.

SHRI' VISHWANATH PRATAP SINGH: Sir, the hon. Member has asked as to how much loss would there be by the amnesty scheme. I think, he has not fully understood the' scope and extent of the amnesty scheme. Birstly, it is not correct to assume that all the evaders are going to take benefit of the amnesty scheme . All the normal force of the law, etc. that you have is going to be fully applied. So, it limits to a very few who take advantage of amnesty scheme. And then the loss has to be calculated. Now, what is the position, Sir? Hore somebody comes and says that I hove got this money which will be a vary small portion of the total, I have not this money, I want to pay the duty and bring it back. And he has produced the evidence. We say, all right, we do not want this. Then you have to find out the evidence, then be successful in the court and then ges it. Now, if we have a scheme, if we say, all right you bring the evidence against yourself, I am going to put you in jail, then he says, all right, jolly well, find out the evidence and then put me in jail, you go to the Durt and get the verdict. So,, how cat, you run an amnesty scheme where somebody comes and says that I wart to pay all the duties and bring back the money and you say after that evience, that you will put him in jail? Then he will say, all right, you go *by* the normal procedure. So, all that has been waived. No right of the country has been compromised. All that has been said is that if there is any person who brings evidence against himself, we are not applying him to criminally prosecuting him. And we are not diluting any element of our right of the country over the due that is there. That has not been diluted. Then there are two things, Sir. He said that the amnesty scheme is of no use and it will not give us much. If it is not going to" give us much, then by your thesis, there is not much loss. Why are you so afraid of your own thesis?

SHRI NIRMAL CHATTERJEE: What is the ratio? Is it one to one? I am interested in the ratio. If you get one, you lose another one.

SHRI VISHWANATH PRATAP SINGH: So, this penalty differs from case to case. And we are going to use this evidence in the adjudication proceeding. So, we do not have to make any effort in proving in the court of adjudication because we have all the evidence in our hand of the person admitting it which we would normally have to prove. See the tremendous advantage we have when it comes to securing the country's interest. And it is only upto March. It is not going to go on and on as a general regime, that we debate as a general policy all the time.

MR. CHAIRMAN: Mr. Jaswant Singh.

SHRI JASWANT SINGH: Sir, I have got only one minute. I want to know about FERA reform. I am glad you have clarified' about that casual paper of the IMF, as you call it, giving all these figures. Are these figures all clandestine or are some of them-actually genuine, bonafide deposits whether fiduciary or of the other kind? Secondly, about FERA reform, what sort of overall philosophy do you have because FERA implementation,. FERA amnesty and FERA reform are all part of the same exercise? Soy what is your philosophical

approach to FEBA reform because a large part of FERA is absurd and cannot be implemented.

SHRI VISHWANATH PRATAP SINGH: Sir, one thing which the IMF Casual Paper brings out is that we cannot say that all the deposits are clandestine. There could be even normal valid deposits. Even Mr. Nirmal Chatterjee mentioned it. About the philosophy of FERA reform, may I share with the House that our general approach is that on the one hand we want to remove many of the irritants and also small impractical regulations we have m the amount one can spend in the hotel also in the case of hospitality if somebody takes a dinner and he is nabbed under the FERA and so also if somebody returns from abroad an dhas five dollars in his pocket for a few weeks.

MR. CHAIRMAN: Question Hour is over. *(Interruptions).* Please wait. Let me finish the routine business first. Then I will give time for some important issues to be raised.

Now Statement by Minister correcting answer to a question. Yes, Mr. Gadhvi

WRITTEN ANSWERS TO QUESTIONS

Evasion of excise duty by tread rubber units. in Kerala

*301. SHRI ALADI ARUNA *alias* V. ARUNACHALAM: Will the Minister of FINANCE be pleased to state:

(a) what is the number of tread rubber units in Kerala which were found to have evaded the payment of excise duty;

(b) what is the estimated loss due to such evasion; and

(c) what steps have been taken or are being taken by the Central Gov ernment for its recovery?

THE MINISTER OF FINANCE (SHRI VISHWANATH . PRATAP SINGH): (a) to (c) Cases of evasion of central excise duty against 5 units in 1984-85, 25 units in 1985-86 and 27 units in 1986-87 (upto October, '86) were registered in Kerala State involving central excise duty of Rs. 2.46 crores in 1984--85, 3.02 crores in 1985-86 and 2.19 crores in 1986-87 (upto October, '86).

Show Cause Notices in respect of 51 cases mentioned above have been issued demanding duty of Rs. 6.58 crores. 21 cases have already been decided demanding duty of Rs. 75.28 lakhs and imposing penalty of Rs. 18.03 lakhs. The investigating and adjudicating officers have been directed to finalise the remaining cases early and recover the amount involved.

Item facing: competition in the International Market

*305. SHRI KRISHNA KUMAR BIRLA: Will the Minister of COMMERCE be pleased to state:

(a) what are the major items of exports which are facing competitive challenge in the international market;

(b) what is the percentage of decline in the export of these goods in the international market and how does it account for in terms of foreign exchange earnings and the resultant trade gap; and

(c) what export strategies are contemplated by Government for better export performance in respect of these goods to regain the international market?

THE MINISTER OF COMMERCE (SHRI P. SHIV SHANKAR): (a) Our commodities such as tea, coffee tobacco, cardamom, cereals, iron ore and manufactured products particularly textiles, jute manufactures, leather manufactures, chemicals and allied products and engineering goods are facing competitive challenge in the international market.

(b) The competition can result in